

Message Text

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ORIGIN NEA-10

INFO OCT-01 AF-08 EUR-12 ISO-00 L-03 H-01 PRS-01
DHA-02 AID-05 CIAE-00 COME-00 EB-08 FRB-03 INR-07
NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04
SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 /099 R

DRAFTED BY NEA:SSOBER:NEA/RA:DTMORRISON
APPROVED BY NEA:SSOBER
NEA/EGY:CPKENNEDY
H:RFLATEN
EB/OSB:RBUCK
L/ NEA:DSMALL (INFO)
NEA/ARN:DREUTHER
USDOC:HMOYER
NEA:HEILTS

-----091933Z 011444 /53

R 090048Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
USINT BAGHDAD
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY SANA
AMEMBASSY TRIPOLI
INFO AMEMBASSY ALGIERS
AMEMBASSY BEIRUT
AMEMBASSY KHARTOUM
AMEMBASSY MOGADISCIO
AMEMBASSY NOUAKCHOTT
AMEMBASSY RABAT
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AMEMBASSY TUNIS
AMCONSUL ALEXANDRIA
AMCONSUL DHAHRAN
AMEMBASSY LONDON
AMEMBASSY TEL AVIV

C O N F I D E N T I A L STATE 080062

E.O. 11652: GDS

TAGS: ETRD

SUBJECT: ARAB BOYCOTT: DISCUSSION WITH EGYPTIAN ECONOMIC
MINISTER EL-SAYEH

REF: STATE 43693

SUMMARY: EGYPTIAN ECONOMY MINISTER WAS BRIEFED IN DEPART-
MENT ON CURRENT STATUS OF PROPOSED NEW LEGISLATION ON
BOYCOTT. VARIOUS ACTIONS AND PROCEDURES WHICH ARE NOW
COMMON IN U.S.-ARAB TRADE, BUT WHICH WILL BE PROHIBITED
UNDER THE NEW LEGISLATION, WERE CITED TO HIM. HE WAS
ENCOURAGED TO CONSIDER PRAGMATIC STEPS THAT COULD BE TAKEN
IN TIME TO AVOID UNNECESSARY PROBLEMS IN CONTEXT OF OUR
CONTINUING VERY STRONG DESIRE TO MAINTAIN CLOSE RELATION-
SHIPS WITH THE VARIOUS COUNTRIES OF THE MIDDLE EAST.
ACTION POSTS ARE ASKED TO HAVE SIMILAR DISCUSSIONS WITH
HOST COUNTRY OFFICIALS. END SUMMARY.

1. EGYPTIAN ECONOMY MINISTER HAMID EL-SAYEH MET WITH
DEPUTY ASSISTANT SECRETARY SOBER AT LATTER'S REQUEST ON
APRIL 6 FOR DISCUSSION OF RECENT DEVELOPMENTS ON U.S. ANTI-
BOYCOTT LEGISLATION. (EL-SAYEH WAS IN WASHINGTON AS PART
OF PRESIDENT SADAT'S PARTY.) AMBASSADOR EILTS WAS ALSO
PRESENT.

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2. SOBER DREW ON VARIOUS POINTS IN REFTEL TO RECALL THE
ADMINISTRATION'S OBJECTIVES WITH REGARD TO CURRENT
CONGRESSIONAL CONSIDERATION OF LEGISLATION ON FOREIGN
BOYCOTTS. IN NOTING VARIOUS POINTS OF CONCERN TO US, HE
EMPHASIZED ALSO OUR STRONG DESIRE TO AVOID CONFRONTATIONAL
APPROACH AND TO MAINTAIN CLOSE, COOPERATIVE RELATIONSHIPS
(INCLUDING MAJOR TRADE TIES) WITH THE VARIOUS COUNTRIES OF
THE MIDDLE EAST. THERE WAS NO NEED, HE SAID, TO BELABOR
WITH EL-SAYEH--WHO HAD JUST BEEN PARTICIPATING WITH
PRESIDENT SADAT IN MEETINGS WITH PRESIDENT CARTER AND
SECRETARY VANCE--THE POINT THAT U.S. PLACED EXTREMELY HIGH

IMPORTANCE ON ITS RELATIONSHIP WITH EGYPT. IN THIS SPIRIT,
IT WAS IMPORTANT THAT WE CONTINUE OUR CONSULTATIONS WITH
EGYPT AND OTHER COUNTRIES OF THE REGION IN AN EFFORT TO
ANTICIPATE NEW SITUATION WHICH WILL OBTAIN WHEN LEGISLA-
TION IS PASSED. IN PARTICULAR, WE SHOULD EXCHANGE VIEWS
ON ISSUES WHICH MIGHT BECOME TROUBLESOME SO THAT ACTION
COULD BE TAKEN IN TIME TO AVOID UNNECESSARY PROBLEMS.

3. IN RESPONSE TO EL-SAYEH'S REQUEST FOR SPECIFIC EXAMPLES THE FOLLOWING WERE CITED AS PROHIBITIONS WHICH WE EXPECT TO BE CONTAINED IN LEGISLATION IN THE NEAR FUTURE;
VIOLATION COULD SUBJECT U.S. FIRMS TO CRIMINAL PENALTIES:

--REFUSALS BY U.S. FIRMS (OR AGREEMENTS TO REFUSE) TO DO BUSINESS:

A) WITH A BOYCOTTED COUNTRY OR

B) WITH OTHER U.S. FIRMS. (THIS PROHIBITION WOULD INCLUDE REFUSING TO DO BUSINESS WITH A BLACKLISTED FIRM IN A PARTICULAR TRANSACTION BECAUSE THAT FIRM'S PRODUCTS WILL NOT PASS CUSTOMS IN THE BOYCOTTING COUNTRY.)

--DISCRIMINATION AGAINST ANY U.S. PERSON ON THE BASIS OF RACE, RELIGION, SEX, OR NATIONAL ORIGIN.

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--FURNISHING BOYCOTT-RELATED INFORMATION, INCLUDING INFORMATION ABOUT:

A) ANOTHER PERSON'S RACE, RELIGION, SEX, OR NATIONAL ORIGIN,

B) BUSINESS RELATIONSHIPS WITH BLACKLISTED FIRMS OR BOYCOTTED COUNTRIES, OR

C) ASSOCIATIONS WITH CHARITABLE OR FRATERNAL ORGANIZATIONS WHICH SUPPORT A BOYCOTTED COUNTRY.

--PAYING ON OR OTHERWISE IMPLEMENTING A LETTER OF CREDIT CONTAINING A CONDITION PROHIBITED BY RULES OR REGULATIONS UNDER THE EXPORT ADMINISTRATION ACT.

--USE OF NEGATIVE, BLACKLISTING, OR SIMILAR CERTIFICATIONS.

--USE OF A FOREIGN PERSON TO CIRCUMVENT THE RULES OR REGULATIONS.

4. AS AID TO UNDERSTANDING HOW THE ABOVE PROHIBITIONS MAY COME UP IN COURSE OF BUSINESS RELATIONS BETWEEN U.S. FIRMS AND BOYCOTTING STATES, THE FOLLOWING WERE CITED TO EL-SAYEH AS EXAMPLES:

--REQUIREMENT FOR NEGATIVE CERTIFICATIONS IN SHIPPING DOCUMENTS.

--INCLUSION OF CERTAIN CONDITIONS IN PURCHASE ORDERS AND LETTERS OF CREDIT.

--INITIATIVES BY FIRMS TO GET OFF THE BLACKLIST.

--INCLUSION OF CONDITIONS IN TENDER DOCUMENTS (WITH RISK OF BID BOND FORFEITURE WHERE EXCEPTION TAKEN).

--INCLUSION OF CONDITIONS IN CONTRACTS (WITH RISK OF FORFEITURE OF PERFORMANCE BONDS/SURETY BONDS).

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--APPLICATIONS IN BOYCOTTING COUNTRIES FOR

A) REGISTRATION OF AGENTS,

B) FORMATION OF CORPORATIONS,

C) REGISTRATION OR RENEWAL OF PATENTS/TRADEMARKS, OR

D) PREQUALIFICATION TO BID ON GOVERNMENT TENDERS.

--USE OF QUESTIONNAIRES BY CENTRAL BOYCOTT OFFICE OR COUNTRY BOYCOTT OFFICES.

5. EL-SAYEH EXPRESSED UNDERSTANDING OF U.S. VIEW THAT AMERICAN FIRMS SHOULD NOT BE IN POSITION OF BEING REQUIRED BY A FOREIGN COUNTRY TO REFUSE TO DEAL WITH ISRAEL OR WITH OTHER (BLACKLISTED) AMERICAN FIRMS. HE ACKNOWLEDGED THAT ARAB GOVERNMENTS COULD MAKE VARIOUS PRAGMATIC CHANGES IN THEIR DOCUMENTATION AND PROCEDURES TO AVOID THE POSSIBLE PROBLEMS ANTICIPATED UNDER NEW U.S. LEGISLATION, BUT EXPRESSED VIEW THAT SUCH ADAPTATION WOULD NOT BE EASY OR UNIFORMLY ACHIEVED. AS FOR EGYPT, IT WAS ALREADY DEALING RATHER PRAGMATICALLY WITH VARIOUS BOYCOTT PROBLEMS, SUCH AS IN ACCEPTING POSITIVE CERTIFICATES OF ORIGIN. EGYPT HAD PROPOSED TO ARAB LEAGUE BOYCOTT CONFERENCE LAST FALL A REFORM OF BOYCOTT ENFORCEMENT PRACTICES AS A MEANS OF AVOIDING CONFLICT WITH PROPOSED U.S. LEGISLATION; MATTER IS TO BE DISCUSSED AT NEXT SEMI-ANNUAL ARAB LEAGUE MEETING. EL-SAYEH VOLUNTEERED POSSIBILITY THAT THE DESIRED INFORMATION CONCERNING A U.S. FIRM'S BACKGROUND AND ACTIVITIES COULD BE OBTAINED BY SIMPLY ASKING FOR ITS LATEST ANNUAL FINANCIAL REPORT, WITHOUT THE NEED FOR QUESTIONNAIRES OF THE TYPE WHICH HAVE BEEN ROUTINELY SOUGHT BY BOYCOTT OFFICES. ON THE OTHER HAND, HE ANTICIPATED THAT IT WOULD BE DIFFICULT TO GET VARIOUS COUNTRIES (E.G., KUWAIT, SAUDI ARABIA, AND PROBABLY IRAQ) TO ACCEPT SUCH PRAGMATIC CHANGES. HE THOUGHT IT WOULD BE DIFFICULT TO OBTAIN COLLECTIVE ARAB LEAGUE DECISION ON SUCH CHANGES IN BOYCOTT PRACTICES, AT LEAST TO BEGIN WITH. HE THOUGHT

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THAT OUR EFFORTS WOULD BE BETTER DIRECTED TO OBTAINING

AGREEMENT OF THE VARIOUS BOYCOTTING COUNTRIES BILATERALLY TO SUCH CHANGES. LOWEST COMMON DENOMINATOR OF AGREEMENT COULD THEN BE RATIFIED BY ARAB LEAGUE BOYCOTT CONFERENCE. COUNTRIES WHICH WERE WILLING TO ADOPT MORE FAR-REACHING CHANGES COULD CONTINUE TO DO SO WITHOUT SPECIFIC ARAB LEAGUE APPROVAL.

6. FOR CAIRO: EL-SAYEH ASKED THAT A WRITTEN LISTING OF THE ANTICIPATED PROHIBITED ACTIONS UNDER EXPECTED NEW LEGISLATION BE SUPPLIED TO HIM SO THAT HE MIGHT USE IT IN DISCUSSIONS WITH APPROPRIATE OFFICIALS IN CAIRO. AMBASSADOR EILTS WISHES TO PRESENT PERSONALLY TO EL-SAYEH THE LISTS CONTAINED IN PARAS 3 AND 4 ABOVE, AND WILL DO SO UPON HIS RETURN TO CAIRO.

7. FOR OTHER ACTION POSTS: WE WILL BE SENDING YOU BY SEPTTEL A STATUS REPORT ON PROPOSED NEW LEGISLATION WHICH YOU MAY USE IN CONTINUING YOUR DIALOGUE WITH LOCAL OFFICIALS ON THIS SUBJECT. YOU SHOULD ALSO SEEK EARLY APPROPRIATE OCCASION TO SHARE WITH THEM OUR ANTICIPATION OF ACTIONS OR PROCEDURES NOW CURRENT IN BUSINESS RELATIONS WITH U.S. FIRMS BUT WHICH WILL BE PROHIBITED UNDER THE NEW LEGISLATION. AT YOUR DISCRETION, YOU MAY LEAVE WITH THEM LISTINGS OF THE SPECIFIC EXAMPLES CONTAINED IN PARAS 3 AND 4.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: DIPLOMATIC DISCUSSIONS, LEGISLATIVE BILLS, BOYCOTTS
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Copy: SINGLE
Sent Date: 09-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Review Release Date: n/a
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TAGS: ETRD, US, EG, XF, (EL-SAYEH, HAMID), (SOBER, SIDNEY)
To: ABU DHABI AMMAN MULTIPLE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/855cbca7-c288-dd11-92da-001cc4696bcc
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